

Federal Employees

The conference agreement on the Republican budget resolution includes pay raises for federal employees and repeals delayed pay dates for civilian employees.

- **Federal Employees Pay Raise** — The conference agreement increases federal civilian pay rates by 3.7 percent in January 2001, the same as the raise for military personnel.
- **Repeal of Delay in Civilian Pay Day** — The conference agreement assumes the enactment of the 2000 Supplemental Appropriations bill, which includes a provision that repeals a delay in pay dates for federal civilian employees who were scheduled to be paid on September 29 or September 30, 2000. Under the delay, they were to be paid on October 1, 2000, the first day in fiscal year 2001. The conference agreement restores the pay date to its original schedule, shifting approximately \$768 million in spending back to 2000. This provision also applies to military personnel but the shift in DOD payments is reflected in Function 050 (Defense).

Along with the pay raise and repeal of delay in civilian pay day, the Democratic alternative resolution contained several additional benefits relating to civilian pay and retirement that were included in the Administration's 2001 budget request. These provisions were not included in the conference agreement.

- **Repeal of Increased Employee Contribution to Retirement Plans** — The Democratic alternative repealed a 1997 provision that increased employee payroll contributions to the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) for all federal employees beginning in January 1999. The higher contribution rates are scheduled to expire in 2003. The Democratic alternative restored federal employees' contribution rates to the lower 1997 levels two years early, saving federal employees \$1.2 billion over 2001 through 2003. By contrast, the conference agreement fails to repeal this tax on federal workers.
- **Buyouts** — The Democratic alternative allowed agencies to offer government-wide voluntary separation incentives of up to \$25,000 to support continuing agency downsizing efforts. Currently, buyout authority is available on an as-needed basis to any federal agency that is downsizing or restructuring, as is the case with DoD, the Department of Energy, and the Department of Veterans Affairs.
- **Long-term Care Insurance** — The Democratic alternative made private long-term care insurance available at negotiated group rates to federal employees, retirees, and qualifying family members. The Office of Personnel Management (OPM) anticipates long-term care policies being available to the federal community at 15 to 20 percent below private insurance rates.

- ***Thrift Savings Plan (TSP)*** — The Democratic alternative allowed immediate participation in the Thrift Savings Plan (TSP) by new federal employees, and also permitted employees to roll over funds from private-sector retirement plans into their TSP accounts. Under current law, new or rehired federal employees must wait six to twelve months before contributing to the TSP and there is no rollover provision for private-sector plans.
- ***Federal Employees Health Benefits program (FEHBP)*** — The Democratic alternative instructed OPM to work harder to control the growth of FEHBP premiums by leveraging the purchase power of the federal government in order to enable OPM to offer improved dental benefits. The Democratic alternative also provided federal employees with the same coverage for mental and substance abuse as for any other health condition and continued the requirement that the FEHBP plans offer contraceptive coverage.